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RUEAIIA/CIA WASHINGTON DC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 001242

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TREASURY FOR ASEVERENS AND SRENENDER
DOC FOR PHUPER
STATE PASS TRANSPORTATION FOR MARAD
STATE PASS USTR FOR ASST USTR SLISER

E.O. 12958: DECL: 09/26/2016

TAGS: [EPET](#) [PGOV](#) [ELAB](#) [NI](#)

SUBJECT: OIL SECTOR UNIONS, NIGERIAN GOVERNMENT TALKS ON
STRIKE ISSUES UNDERWAY

REF: A. LAGOS 1183

[1](#)B. LAGOS 1182

Classified By: CONSUL GENERAL BRIAN L. BROWNE; REASONS 1.4 (D,E)

[1](#)1. (C) Summary: The Executive Secretary of Nigeria's Ministry of Labour and Productivity Timiebi Koripamo-Agary met September 21 with oil worker union representatives to prepare for the stakeholders dialogue. Agreement to hold the stakeholders meeting was what ended the unions, September 13-14 strike. Issues discussed included improved security in the Niger Delta, union demands that the Department of Petroleum Resources (DPR) be given adequate power to regulate the industry, the government's privatization of the Eleme Petrochemical Company, and the government's refusal to upgrade an oil workers' technical school. It is difficult to see how yet another committee to discuss security in the Delta can solve the problem. However, Agary is optimistic that improved communication between government and the unions will defuse the situation. Oil majors reported the strike did not effect oil production or export. End Summary.

Government-Union Talks Start

[1](#)2. (SBU) Timiebi Koripamo-Agary, Executive Secretary of the Ministry of Labour and Productivity, met representatives of oil sector unions the Petroleum and Natural Gas Senior Staff Association (PENGASSAN) and the National Union of Petroleum and Natural Gas Workers (NUPENG), September 21. The meeting and the promise of a high-level dialogue with the government was a precondition for settlement of the September 13-14 strike.

[1](#)3. (SBU) At the September 21 meeting, the union representatives made presentations about the issues they want the Government of Nigeria (GON) to address, Agary told Political/Economic Section Chief. Equipped with this information, she will arrange for the proper Federal and

state officials to attend stakeholders meetings in October to respond to the unions' concerns. Part of the problem the unions have with the government, Agary believes, is that information about what the government is already doing is not being well communicated; once the stakeholder meetings begin in October, the flow of information will be improved. In any event, the union participants left the meeting satisfied with the results, Agary said. In a subsequent conversation, she declined to confirm a September 25 report appearing in the Vanguard newspaper that a meeting between the President and union representatives had been scheduled.

Union Demands Explained

13. (SBU) The unions' principal concern is worker security in the Niger Delta, Agary said. Union representatives decried kidnappings, oil bunkering, pipeline vandalism and other illegal activities that threaten their security. They also claim government privatization of the Eleme Petro-Chemical Company in Port Harcourt was flawed. (Note: Press reports quoting PENGASSAN President Peter Esele, state that union investigations revealed that Indorama Petrochemical, the plant's purchaser, was registered in Thailand only three years ago, and is not an experienced manager of similar projects as claimed. The union objects to the absorption by the Federal Government of the plant's N226 million debt, and to the fact that Indorama has not been required by the government to impose a quota on the number of expatriate workers. Unions fear that the lack of a quota will result in a reduction in Nigerian workers. End Note.)

14. (SBU) The unions also raised the government's attempts to transform the Petroleum Training Institute (PTI) into a

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campus of the University of Benin, thus diluting its oil sector focus by converting it into an offshoot of an all purpose university. The unions claim the institute should be continued as an independent institute but upgraded to provide workers with technical training suitable for modern oil fields. The unions also want the Department of Petroleum Resources to have greater independence and more resources to carry out its necessary regulatory activities.

Strike had No Impact on Production, Exports

16. (C) Oil companies reported the strike did not impact production or exports. Shell's Vice President for External Affairs Knut Engelbretson said company operations continued normally throughout the strike, although many employees in the Lagos offices did not report. When Shell employees in Port Harcourt were prevented from entering their offices by striking workers, the company ordered employees already inside the buildings to return home in order to avoid any circumstances that might lead to a major altercation. ExxonMobil Executive Director Udom Inoya said that the strike had no impact on the company's production or exports. Company offices remained open although some workers failed to report.

17. (C) Press reports that Agip had fixed a pipeline caused speculation that the union had damaged the line. Agip Director of External Affairs Fidelis Anju said the repairs were unrelated to the strike or union action. Total's Retail Sales Manager Arnaud Guichard reported that union delegations had visited Total gas stations in Lagos, Port Harcourt and Abuja asking them to close. Although Consulate contacts and the press initially attributed airline flight delays to the strike, airline managers told Econoff that airline fuel shortages, a problem with which they have been dealing for some time, were not exacerbated by the strike. Security personnel from some major oil companies indicated that the strike had slowed, but not halted, the loading of crude.

¶8. (U) The impact of the strike was most significant in the transportation sector. Congenoffs canvassed Lagos (Lagos State), Ibadan (Oyo State), Port Harcourt (Rivers State), Osogbo and Abeokuta (Osun State) and Calabar (Cross River State). Smaller cities, which because of regulation of gasoline prices do not get regular service from gas distributors, reported station closings, long queues at gas stations and sales of fuel by illegal vendors.

¶9. (SBU) Comment: While it is difficult to see how yet another committee to discuss the Delta can solve the problem, Agary is optimistic that improved communication between the government and the unions will help defuse the tension that was building in the unions.

BROWNE